



ALASKA HOUSING
Built to Last
2008 ANNUAL REPORT



▲ AHFC'S HEADQUARTERS BUILDING IS LOCATED IN ANCHORAGE, ALASKA. ▲

AHFC's Mission: **TO PROVIDE ALASKANS ACCESS TO SAFE, QUALITY, AFFORDABLE HOUSING**

AHFC is a self-supporting public corporation with offices in 16 communities statewide. We provide statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loans for first-time home buyers, low-to-moderate income borrowers, veterans, teachers, nurses, public safety officers, and those living in rural areas of the state. AHFC also provides energy and weatherization programs, low-income rental assistance in 17 communities, and special programs for the homeless. Since 1986, AHFC has contributed more than \$1.8 billion to Alaska's State budget revenues through cash transfers, capital projects, and debt service payments.



◀ IN ADDITION TO HOUSING, AHFC PROVIDES THE EXPERTISE TO ISSUE BONDS FOR STATE CAPITAL PROJECTS, INCLUDING THE ATWOOD BUILDING, LOCATION OF THE STATE OF ALASKA OFFICES IN ANCHORAGE.

TABLE OF CONTENTS

Letter to Gov. Sarah Palin	2
Meet the AHFC Board of Directors & CEO	4
Built to Last Campaign	6
Energy & Weatherization	7
Homeownership	10
Rental Housing	13
2008 Program Highlights	20
2008 Charts	24
Employees	26
2008 Financial Highlights	27
Financial Statements CD	Inside Back Cover

DAN FAUSKE
CEO/EXECUTIVE DIRECTOR



FRANK ROPPEL
AHFC BOARD CHAIR



The Honorable Sarah Palin
Governor, State of Alaska
Juneau, Alaska

Dear Governor Palin:

Alaska Housing Finance Corporation faced unique challenges in Fiscal Year 2008 and, as you'll read in this annual report, the Corporation continues to do an outstanding job responding to the opportunities.

When the fiscal year began, many Alaskans were concerned about the stability of Alaska's housing market. A top priority for AHFC was to provide the facts that distinguish this state from others and to explain why Alaska was not likely to get caught up in the housing crisis sweeping regions of the Lower 48. Our challenge was to convince Alaskans to remain calm and to recognize that this state does not have subprime mortgage problems to the extent of those found in other states.

With leadership by our Government Relations & Public Affairs staff, AHFC teamed up with Alaska homebuilders, real estate professionals, commercial banks, and mortgage lenders to present the facts. A local public opinion survey confirmed that the year-long, multimedia effort accomplished its intended goal and calmed the public's anxiety.

About the same time the national housing market crisis was heating up, the price of crude oil was rapidly increasing. It reached a high of more than \$140 a barrel during the summer. These prices were a boon to the State's oil revenue stream but a severe hardship for many individual Alaskans who rely on oil for home heating and electricity. The Alaska Legislature and the Administration called on AHFC to help Alaskans reduce home fuel costs by upgrading the energy efficiency of their homes. Two programs do this:

- The Weatherization Program pays all costs for weatherization improvements for low-to-moderate-income households. Up until this year, it was funded by AHFC and a federal grant from the U.S. Department of Energy at less than \$6 million a year. This year, \$200 million was approved for the program.
- The Home Energy Rebate Program, dormant since the mid-1990s, encourages residents to make identified energy improvements to their homes by providing a rebate of up to \$10,000 toward expenses. The program went from zero funding to \$160 million this year.



AHFC received the additional funding in April and by mid-May expanded the programs, making them available to all Alaskans. Much credit goes to the staff of our Research & Rural Development Department, who revised regulations, set up the procedures, expanded the number of energy-rater training classes, and got the word out statewide about the availability of the two home-energy-efficiency programs.

This year the Corporation expects to triple the number of homes weatherized and provide energy rebates to thousands of homeowners for improvements they make to their homes. The response AHFC has received from State and local government leaders and the public has been overwhelmingly positive.

By the end of the year, a new crisis threatened the Corporation's mission of providing Alaskans access to safe, quality, affordable housing. The ups and downs of the Wall Street financial crisis continue to challenge the ability of AHFC's Finance Department to access the capital markets at acceptable long-term interest rates.

Notwithstanding these most recent developments on the national scene, we are pleased to report that AHFC is managing its exposure to the continuing effects of the national subprime mortgage and liquidity crisis. The Corporation continues to maintain strong general obligation credit ratings despite the significant volatility in the market.

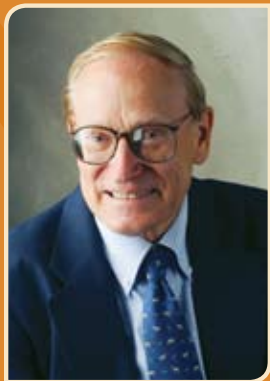
Daniel R. Fauske

Franklin C. Roppel

◀ THE MARSHALLS ARE AMONG MORE THAN 3,700 ALASKAN FAMILIES MAKING ENERGY IMPROVEMENTS USING AHFC'S HOME ENERGY REBATE PROGRAM.

AHFC BOARD OF DIRECTORS & CEO

AHFC's seven-member board of directors is comprised of the commissioners of the Departments of Revenue; Commerce, Community & Economic Development; and Health & Social Services, as well as four members of the public appointed by the governor to serve two-year terms.



Franklin C. Roppel, Chair

Mr. Roppel was appointed to the board in July 2003 as a member with expertise or experience in the provision of senior or low-income housing. He was recently elected to his fourth term as board chair. Mr. Roppel has a B.S. from Oregon State University. He has a total of 17 years on the board, having served previously on the Alaska State Housing Authority board from 1974–1977 and on the AHFC board from 1975–1987. He retired from Alaska Pulp Corporation in 2001 and formerly worked for Sealaska Timber Corporation.



N. Claiborne "Clai" Porter, AIA, Vice-Chair

Mr. Porter was appointed to the board in May 2005 as a member with expertise or experience in residential energy-efficient home building or weatherization. He is president of NCP Design/Build Ltd. in Anchorage and has over 30 years' residential design and home building experience in Alaska. Previously he served as president of the Anchorage Homebuilders Association, president of the Alaska Homebuilding Association, and board chair of the Cold Climate Housing Research Center.



Jyotsna "Jo" Heckman

Ms. Heckman was appointed to the board in May 2008. She is the president and CEO of Denali State Bank in Fairbanks. In 1986, she was among a group of local bankers who chartered and opened Denali State Bank.

Ms. Heckman is a member of several boards, including the UAF Chancellor's Advisory Board, Fairbanks Chamber of Commerce, UAF School of Management Board of Advisors, Foraker Governance Board, American Bankers Association, and the Community Bankers Council. She was named the 2008 UAF School of Management Business Leader of the Year in March.



Marty Shuravloff

Mr. Shuravloff was appointed to the board in February 2000 as a member who is a rural resident of the state or who has experience with a regional housing authority. He is the executive director of the Kodiak Island Housing Authority. Mr. Shuravloff serves on the board's audit committee.

IN MEMORY: BRIAN ANDREWS, DEPUTY COMMISSIONER, DEPARTMENT OF REVENUE



The Honorable Patrick Galvin

Mr. Galvin was appointed Commissioner of the Department of Revenue in December 2006. Prior to his appointment, he served as a Petroleum Land Manager for the Alaska Department of Natural Resources, Division of Oil & Gas. He holds a Bachelor's degree in Visual Arts and Quantitative Economics from the University of California, San Diego, a Law Degree from the University of San Diego, and an MBA from San Diego State University.



The Honorable Emil Notti

Mr. Notti was appointed Commissioner of the Department of Commerce, Community & Economic Development in December 2006. He is an engineer, a prominent Alaska Native leader, and an Alaska public servant. Mr. Notti graduated from Northrop University with a dual degree in aeronautical and electrical engineering. His extensive background includes first president of the Alaska Federation of Natives and past president of Doyon Limited. Mr. Notti holds an Honorary Doctorate degree from Alaska Methodist University.



The Honorable William "Bill" H. Hogan

Mr. Hogan was appointed Commissioner of the Alaska Department of Health & Social Services in July 2008.

He has spent more than 30 years in the mental health, substance abuse, developmental disabilities, and social work fields. Before joining the Department in 2003, he was Chief Executive Officer of Life Quest, a private, nonprofit community mental health center located in Wasilla, Alaska.

Mr. Hogan holds a Bachelor of Arts in Sociology from State University of New York and a Master of Science in Social Work from West Virginia University.



Daniel R. Fauske, CEO/Executive Director

Mr. Fauske became the CEO/Executive Director in March 1995. He has served on the Governor's Jobs Cabinet and the Millennial Housing Commission. Currently, he serves on the board of directors for the Federal Home Loan Bank of Seattle, the National Community Renaissance, and is chair of the Governor's Alaska Interagency Council on Homelessness. Prior to his career at AHFC, Mr. Fauske worked for the North Slope Borough, serving as the Borough's Chief Financial Officer and Chief Administrative Officer.

BUILT TO LAST

Building confidence in Alaska



◀ ALASKA JOURNAL
OF COMMERCE



◀ AHFC TELEVISION
CAMPAIGN

In 2008, AHFC launched a multimedia campaign with the following message: Alaska is fortunate to have a healthy housing market, which has risen above some of the challenges faced in other parts of the country. Prices are stable, interest rates remain low, and responsible lending practices prevail. At AHFC we're confident that *Alaska's housing market is built to last*.

The media outreach, public speaking, and advertising were successful. By this past summer, consumer surveys indicated the message was well-received and consumer confidence in the housing market had improved. In this statewide campaign, AHFC provided Alaskans accurate facts about the positive economic situation in our state.





ENERGY & WEATHERIZATION

*Improving Alaska's energy efficiency
and saving Alaskans money*



▲ GOV. PALIN MET WITH A HOMEOWNER AT A BILL SIGNING, WHICH AUTHORIZED \$1,200 ENERGY REBATE CHECKS FOR ALASKANS.

Smooth Administration of Expanded Weatherization Program

The legislature and governor had the foresight to expand and fund the Weatherization and Home Energy Rebate Programs with \$360 million to help Alaskans reduce their fuel bills. AHFC geared up quickly to provide adequate staffing, training, and monitoring for internal operations, and meet the demand for additional energy raters and weatherization crews.

Keeping Alaska Homes Warm and Efficient

All Alaskans have been affected by rising energy costs. At AHFC, we recognize the role weatherization plays in energy efficiency. That's why the 30-year-old Weatherization Program was expanded, thanks to \$200 million authorized by Gov. Sarah Palin and the Alaska Legislature. Alaskans with low-to-moderate incomes (up to 100 percent of the median), living in owner-occupied homes, condos, rentals, and mobile homes, now qualify for free weatherization upgrades performed through five weatherization service providers and the 15 regional housing authorities.

◀ THESE HOMES IN HUSLIA WERE WEATHERIZED UNDER THE LOW-INCOME WEATHERIZATION PROGRAM. WITH \$200 MILLION ALLOCATED FOR THE EXPANDED WEATHERIZATION PROGRAM AND INCOME LIMITS INCREASED, MANY MORE HOMES WILL QUALIFY FOR THESE FREE UPGRADES.

Home Energy Rebates Overwhelmingly Popular

The Home Energy Rebate Program aids Alaska's higher income homeowners in bringing down the cost of heating their homes. For individuals who do not qualify for the Weatherization Program due to income limits, the Home Energy Rebate Program, with \$100 million authorized by Gov. Palin and the Alaska Legislature in April and launched in May, provides homeowners with reimbursements for specific energy-efficiency improvements. The more a home's efficiency improves, the greater the potential rebate, up to a maximum of \$10,000. The governor and legislature authorized an additional \$60 million in a special energy session in August.

The program requires a certified home energy rating before (As-Is) and after (Post-Improvement) any work is done. The costs of the ratings are covered by AHFC, up to a total of \$500 per home.

Certified energy raters, which are privately owned businesses, are key to providing the information and projecting the savings of energy improvements using AHFC's AkWarm™ software. With the huge demand for the program, AHFC has doubled the number of certified energy raters and continues to train additional raters through a statewide effort.

Jordan and Sioux-z Marshall are long-time Alaskans who anticipate savings through the program. He grew up in a log cabin in Haines where his parents were teachers, moving to Anchorage when he was 9, and graduating from East High. Sioux-z also moved to Alaska when she was 9, eventually graduating from Bartlett in Anchorage. They now have two daughters,

Isabel, 5, and Ivy, 3. Jordan's varied background includes journalism, and he now manages special projects for the Rasmuson Foundation. Sioux-z is a self-employed consultant in IT projects management.

The Marshalls bought their 1964-era home four years ago. According to Jordan, it was "in a great neighborhood, but not a new home. It had issues," which they identified quickly, especially poor energy-efficiency. They decided to do something about it last year before the Home Energy Rebate Program was in place.

They hired a rater to do an As-Is rating and, according to Jordan, "It wasn't windows; it was caulking—or lack thereof." So they caulked and did some weather-stripping, sealed off the fireplace, and upgraded their water heater.

But the Marshalls knew the house still needed major work, especially replacing the boiler, so when they heard about the Home Energy Rebate Program, they signed up for a new As-Is energy rating. Jordan pointed out that he likes the way the AkWarm™ software provides a report—"an a la carte menu"—of possible options to choose from. With the report in hand, they began working with their contractor to make the best decisions about what work to do to maximize the rebate. Now the boiler is installed and has passed inspection, and the work crew has blown insulation in the attic and caulked the window trim for air leaks. With the Marshalls in the process of getting a post-rating, they are well on their way to receiving their energy rebate.

JORDAN AND SIOUX-Z MARSHALL WITH DAUGHTERS ISABEL AND IVY PLAN TO SAVE MONEY THIS WINTER SINCE WEATHERIZING UNDER THE HOME ENERGY REBATE PROGRAM.





Second Mortgage for Energy Conservation

Homeowners have a new option to pay for home energy improvements with the AHFC Second Mortgage Program for Energy Conservation. Owner-occupants can apply directly to AHFC online. Following acceptance of the application, they can obtain an energy rating through an AKWarm™-certified energy rater, who develops a list of energy-efficient upgrades. Homeowners can choose options from the list that best fit their needs. Once the loan closing is complete, homeowners have one year to complete improvements.

Loans have a maximum term of 15 years, range up to \$30,000, and match the Taxable Program's 15-year interest rate.

5-Star Plus New Construction Energy Rebate

As part of the Home Energy Rebate Program, AHFC is offering \$7,500 rebates on newly built 5-Star Plus homes. To qualify for the rebate, the home must be owner-occupied, a primary residence, and must be completed or purchased on or after April 5, 2008.

IN FY08, AHFC:

- Received \$160 million from the governor and Alaska Legislature to provide rebates to Alaska homeowners for home energy-efficiency improvements
- Received an additional \$200 million for the Weatherization Program; expanded program partners from five existing service providers to an additional 15 housing authorities
- Provided weatherization under the Owner-Occupied Rehabilitation Program (ORP) for 65 units of low-income, single-family homes
- Completed weatherization upgrades to 679 homes under the original Low-Income Weatherization Program; 24 percent of the households consisted of elderly persons; 29 percent included persons with disabilities; 25 percent included children

HOMEOWNERSHIP

A steady housing market in Alaska

Affordability Elusive Despite Lower Interest Rates and Home Prices

Interest rates continued a downward trend for the last half of FY08, falling to an average of 5.85 percent, the lowest level since 2005. However, in spite of lower interest rates, it would be impossible for most Alaskans to buy their first home without programs offered by AHFC. According to the Alaska Affordability Index, a measure of the number of wage-earners necessary to afford an average home, high average selling prices (although dropping slightly), and modest increases in income (4.1 percent increase in wages) are key factors across Alaska. It takes an average Alaskan family 1.56 incomes to achieve homeownership, down slightly from 1.59 one year ago. This indicates that housing is slightly more affordable than a year earlier, but still remained above the 10-year moving average of 1.48.

Statewide, the average sales price of an existing single-family home in Alaska decreased .1 percent to \$273,224 over the previous year, according to a survey conducted for AHFC by the State of Alaska Department of Labor and Workforce Development.

AHFC's Programs Assist First-Time Homebuyers

Tamara and Denton Hamby of Glennallen met in Alaska while working for the Bureau of Land Management. She first came up as a summer seasonal worker in 2002, while he had already settled here from the Midwest. Then in 2003, she moved up full time from Upstate New York, met Denton, and they got married and started a family. She loves gardening, and they enjoy rafting



▲ FIRST-TIME HOMEBUYERS TAMARA AND DENTON HAMBY, WITH OTTO, ENJOY AN ALASKA SUMMER IN THEIR GLENNALLEN HOME FINANCED BY AHFC.

and hiking with their 2-year-old daughter, Madeline. Otto, a black lab, joined the family from the Valdez animal shelter.

The Hambys, first-time homebuyers, took AHFC's pre-homeownership class, HomeChoice™ and found it "very informative and helpful." They purchased their home with a competitive interest rate using AHFC's Rural Loan Program. This year, AHFC provided \$246 million for 1,351 first-time homebuyer loans and \$71.2 million to finance 343 homes under the rural program.



◀ DARRYL JENKINS, SHOWN WITH HIS FOUR SONS, IS AMONG HUNDREDS OF ALASKANS EACH YEAR WHO SERVE THEIR COUNTRY AND BENEFIT FROM ALASKA'S VETERANS MORTGAGE PROGRAMS.

Alaska Veterans Benefit from Heroes' Bill

Legislation passed in May by Congress provides \$1.3 billion in tax benefits. Officially dubbed the "Heroes Earning and Assistance Relief Act of 2008," the Act quadruples the loans states may issue each year for America's active duty, retired military service members, and public servants.

The changes received high praise from Dan Fauske, CEO of AHFC. "Alaska's Congressional Delegation, with the strong, active support of our governor's office in Washington, D.C., ensured that members of Congress understood the importance of this provision," he said.

AHFC has worked with Alaska governors since the mid-1990s in an effort to change the veterans' mortgage loan program. Gov. Sarah Palin was particularly concerned that veterans in Alaska should receive the benefit. "This is terrific news for our state," she said. "It gives us a meaningful way to say thank you to the men and women returning from Afghanistan, Iraq, and other military stations around the world." Alaska is one of five states with the program, along with Oregon, Wisconsin, Texas, and California.

Last year, AHFC provided \$140.2 million to finance 500 homes under its Veterans Mortgage Programs.



▲ MELISSA BROOKS AND HER HUSBAND ROBERT FINANCED THEIR MODERN HOME IN TOK USING AHFC'S RURAL OWNER-OCCUPIED LOAN PROGRAM.

Low Interest Rates Help Rural Alaskans

"The loan went smoothly. The bank [Denali State Bank] was great to work with," said Melissa Brooks about their home loan using AHFC's Rural Loan Program. Robert and Melissa Brooks have lived in Alaska since 1980, moving to Tok in '91, where he works for Alaska Department of Transportation, and she owns A & J Variety, a gift and video shop. She loves computers, especially working with their Web site and doing the books for the business. The Brooks family, which includes a grown daughter, April, and son, James, 15, enjoys snowmachining, four-wheeling, and fishing. In FY08, AHFC provided \$71.2 million to finance 343 homes for rural Alaskans.

More than a Workshop, HomeChoice™ is an Investment in the Future

Buying a home can seem overwhelming, so AHFC offers free eight-hour seminars and makes them even more attractive by waiving up to \$250 of the commitment fee if a participant purchases a home using one of AHFC's programs within two years.

IN FY08, AHFC:

- Conducted 197 HomeChoice™ workshops in 27 communities, with 2,679 certificates issued; 969 obtained commitment fee waivers of up to \$250
- Provided zero percent loans of \$625,000 each to Habitat for Humanity Anchorage, Anchorage Neighborhood Housing Services, Fairbanks Neighborhood Housing Services, Inc., and Valley Residential Services under the Loans to Sponsors Program for down-payment and closing-cost assistance programs for under-served markets
- Provided \$29.3 million to lower mortgage interest rates for 233 Alaskans under the Interest-Rate Reduction for Low-Income Borrowers option
- Provided \$11.1 million for zero-down-payment loans to 51 Alaskans in 32 communities under the Teachers and Health Care Professionals Housing Loan Program. A total of 397 teachers and nurses in 35 communities have used the program since it began in 2003
- Participated on the multi-agency Predatory Lending Task Force in continued development of "Don't Borrow Trouble" – an educational endeavor to highlight potential unscrupulous lending practices
- Contributed more than \$13 million in servicing fees to Alaska lenders
- Provided \$493.5 million for 2,355 Alaskans to purchase homes
- Purchased 1,351 new First-Time Home Buyer loans totaling \$246.1 million
- Assisted 10 new homeowners under the Homeownership Voucher Program, which allows qualified clients to use their rental voucher assistance for mortgage payments
- Provided \$2.1 million to assist 62 low-income Alaskans become homeowners under the Home Opportunity Program (HOP)





RENTAL HOUSING

Providing affordable, safe rental housing throughout Alaska

Housing for Teachers, Nurses, and Public Safety Officers

Lack of available decent, safe, affordable housing has been identified as a primary reason remote rural communities have a difficult time recruiting and retaining good teachers. In 2004, AHFC introduced a program to help rural communities with the construction and rehabilitation of professional housing. The program provides long-term loan financing and proceeds from AHFC's annual earnings to help in the development and rehabilitation of affordable housing for teachers, health professionals, and public safety officials. The nationally award-winning program is having a positive impact on rural school districts. More teachers are accepting job offers and renewing their contracts to stay in communities where this housing is available.

Norm Eck, superintendent of the Northwest Arctic Borough School District, is based in Kotzebue, where 18 new housing units were placed in service in 2005

to serve teachers, health care professionals, and public safety personnel. He notes that the housing is definitely having a positive impact on his community. "The annual turnover rate has been cut in half, and the teachers who moved into the new housing in 2005 are still there."

- In FY08, AHFC held one funding round for this program, with \$11.5 million awarded to develop 16 projects with 57 units throughout rural Alaska.
- Since 2004, AHFC, in partnership with the Denali Commission, has awarded \$39.4 million for the rehabilitation, acquisition, or new construction of 204 units of rental housing for teachers, health professionals, and public safety officials in rural Alaska.



TOGIAC TEACHER HOUSING



NIGHTMUTE TEACHER HOUSING



SHADOW HOTCH, WITH DAUGHTER NADJA.

Rental Assistance Facilitates Further Education

Shadow Hotch, a professional photographer and model, has one year to complete her Bachelor of Liberal Arts degree, with a minor in theater, from the University of Alaska Southeast. Her photography business, SH Productions Photography, specializes in fantasy and era photography and 3-D rendering. “It’s often the kind of thing you see in novels. I can take a person and turn them into a mermaid, a pixie, or a genie,” she says. She’s a staunch supporter and performer of the musical and theatrical arts. She also points out, “I’m a postcard enthusiast and love postcard auctions.”

Hotch moved to Haines, Alaska, from Nevada 16 years ago with her father, a retired marine. She said, “Growing up we were very nomadic and lived all over.” But her grandfather had retired in Haines, so they settled there. Upon graduation from Haines High School, she moved to Juneau to attend college. Hotch has lived in Cedar Park public housing, owned and operated by AHFC, for about three years. She lives with her daughters, Nadja Hotch, 12, and Lucrezia Assatato, 2, and looks forward to finishing school so she can pursue her full-time career in photography and theater. Will she stay in Alaska when she graduates? “Definitely; this is home.”

Public Housing Helps Growing Families

Linda Jacobs grew up in Klukwon, graduated from Haines High School, and moved into Geneva Woods public housing in Douglas about a year ago. She and her husband, Al Garrison, were married in September. He is in the process of applying to join her. Their daughter, Ella, just celebrated her first birthday.

“The rickshaw is our own personal recreational toy. We can take the baby with us; it’s easy on gas and it runs on one engine: Mine,” Garrison says, laughing. In addition to being a quick, inexpensive way to get around town, he noted that they often take it out to Glacier Trails, about 16 miles one way. The self-powered vehicle includes a 12-volt-system car battery to power running lights and turn signals.

“We’re a family that wants to be together and interact with the neighbors,” he said. Garrison says he likes to help people and is always “fixing people’s stuff. I fix people’s brakes at no charge. They just need to buy the parts.” He often prepares free fry bread for the children at Geneva Woods. “It gives the kids something to do to get along positively in the rec room. They help organize and clean up and get to know each other on a first-name basis.” An accident left the former boxer and longshoreman “pretty messed up.” The doctors said he wouldn’t walk again. But beating the odds, he now teaches his wife the skills that seem to come naturally to him. “She can rebuild alternators, replace starters, and replace windows and doors on cars.”





AL GARRISON, WITH WIFE, LINDA JACOBS, AND DAUGHTER, ELLA, BURNS CALORIES AND SAVES FUEL IN DOUGLAS.

Implementing the Moving to Work Plan

This year, AHFC became one of approximately 30 designated Moving to Work agencies nationwide. Moving to Work (MTW) is a demonstration program that allows public housing authorities (PHAs) to design and test ways to:

- Promote self-sufficiency among assisted families
- Achieve programmatic efficiency and reduce costs
- Increase housing choice for low-income households

PHAs in the MTW Demonstration have considerable flexibility in determining how to use federal funds. For example, they can combine funds from the public housing operating and modernization programs and the Housing Choice Voucher tenant-based rental assistance program to meet the purposes of the demonstration. PHAs selected for the demonstration are also permitted to seek exemption from most existing public housing and HCV Program rules.

THIS YEAR, AHFC:

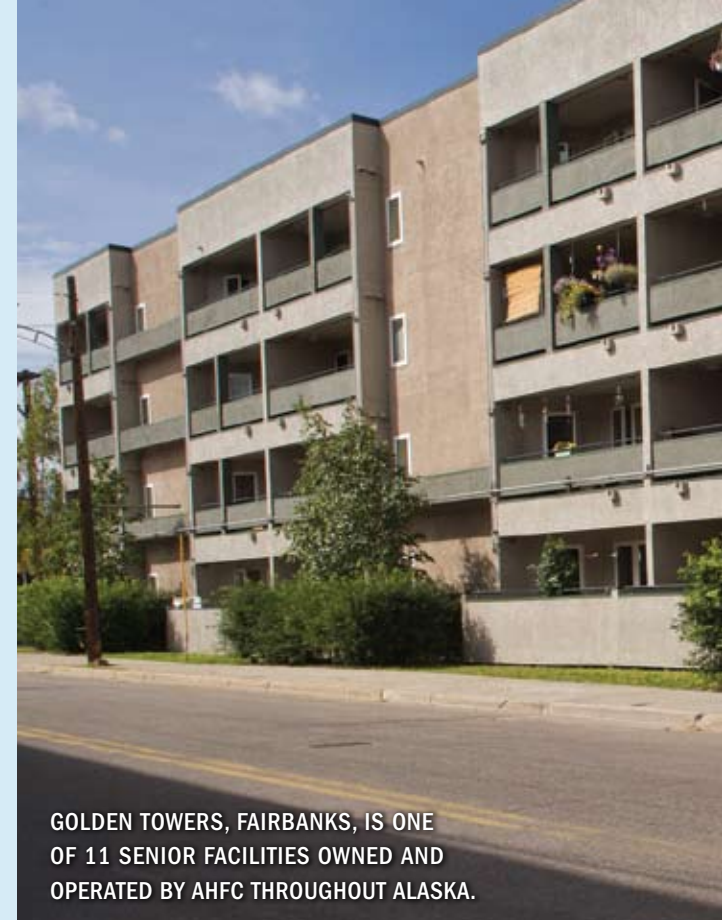
- Provided rental assistance to nearly 6,000 families through Housing Choice Vouchers for rentals in the private sector and AHFC-owned public housing
- Provided more than 600 assisted rental units for seniors and persons with disabilities
- Contributed \$25 million to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income
- Completed the second of two phases of renovation of 48 family housing units at Alpine Terrace in Anchorage

FSS Program Provides Incentives and Means for Self-Sufficiency

Twenty-nine participants graduated from the Family Self-Sufficiency Program in FY08. This voluntary program, designed to promote economic self-sufficiency among families receiving rental assistance, combines housing assistance with education, job training, and support services to help residents find full-time employment.



JUDITH O'FARRELL ENJOYS THE VIEW FROM HER FOURTH FLOOR APARTMENT AT SOUTHBALL MANOR, FAIRBANKS.



GOLDEN TOWERS, FAIRBANKS, IS ONE OF 11 SENIOR FACILITIES OWNED AND OPERATED BY AHFC THROUGHOUT ALASKA.

THIS YEAR, AHFC:

- Received a new Resident Opportunity and Self-Sufficiency (ROSS) grant for the Gateway Learning Center in Anchorage to be used for adult education and capital improvements, such as new computers
- Graduated 29 participants from the Family Self-Sufficiency Program
- Expanded the program to a sixth community, the Matanuska-Susitna Valley

Housing for Seniors

Seniors are the fastest growing segment of Alaska's population, making AHFC's housing for seniors and persons with disabilities increasingly vital.

Judith O'Farrell moved to Southall Manor in Fairbanks in 2003. "I love my apartment. I can sit on my porch and watch the parade go by. Sometimes I just sit and put my legs up to get a suntan," she mused.

Originally from California, O'Farrell came to Alaska from Oklahoma in 1981. "I flew up for our honeymoon in 1980, loved the snow," she said, "and that there were no mosquitoes, no snakes, and stuff like that."

She worked as a nurses aide at the Pioneer Home and even drove trucks with her husband. Now she gets out the rake and cleans up around the building. Although she has health issues, which she attributes to polio when she was 2, she keeps active with "tons of girlfriends." She crochets and works on puzzles, which she glues into frames to decorate the walls at the Manor. She is a BIG fan of NASCAR, especially #48, Jimmie Johnson. "I like my apartment—love it here. I won't leave," said O'Farrell.



▼ MILDRED CULBERTSON PREPARES FOR A VISIT FROM HER FAMILY AT GOLDEN TOWERS IN FAIRBANKS.



Mildred Culbertson and her husband moved to Ladd Air Force Base (now Ft. Wainwright) near Fairbanks in 1955. At that time, they had two small children with two more soon to follow. Now she enjoys her 11 grandchildren and 12 great-grandchildren living in Alaska and Washington.

Culbertson noted that she had four teenagers at once, so while the children were growing up, she was involved in Cub Scouts, Girl Scouts, and Sunday school, and the family loved camping and outside activities. “We fell in love with Alaska the first summer.”

She moved into Golden Towers seven years ago in July when her husband passed away. She was happy that she was able to move in within four months of applying. “They were very helpful. Marjorie [the property manager] was very nice and showed me a couple of apartments. I chose the one on the fifth floor, because there was no one above me,” she said with a smile.

For several years, Culbertson enjoyed working at Denali Center for the Senior Corps, where she visited with residents of the long-term nursing and rehab facility. However, her doctor decided it involved too

much walking and encouraged her to quit. She continues to volunteer at Golden Towers, running BINGO twice a week, working on potlucks, and serving as an alternate to the resident council. Several years ago an acquaintance at Golden Towers facilitated her release from the hospital by volunteering to fix her a hot meal every night. “Now,” said Culbertson, “she’s a good friend, and we still have dinner together every night.”

Multi-Family Programs Increase Alaska's Affordable Rental Housing

As rental costs continue to rise faster than incomes, AHFC's Multi-Family, Special Needs & Congregate Housing and Loan Purchase Programs help expand the housing market to make rental housing more affordable.

- This year, AHFC purchased/originated 27 multi-family loans totaling \$11.9 million for a total of 401 units.
- Since 1991, AHFC has provided \$701.6 million in competitive-rate loans, many combined with grants and tax credits, to assist developers in building and/or upgrading 14,773 units of rental housing in 43 communities throughout the state.

► RIDGECREST IN WASILLA WAS FINANCED USING
AHFC'S MULTI-FAMILY HOUSING LOAN PROGRAMS.



A Little Help Makes a Big Difference

AHFC's Supplemental Housing Development Grant Program provides funds to regional housing authorities for projects funded by HUD. AHFC is limited to contributing 20 percent of HUD's total development cost of a project. Each dollar AHFC contributes to this program leverages approximately \$5 in federal funds. The funds are used for energy-efficiency design features, onsite water and sewer systems, access roads, and electrical distribution.

This year, AHFC provided \$6.05 million to leverage \$30.2 million in federal funds through the award of five grants to regional housing authorities, facilitating the new construction or rehabilitation of 527 houses to provide safe, decent, affordable housing for residents in rural and urban Alaska.

Since inception, AHFC has contributed nearly \$115 million to augment \$618.5 million in federal funds to build 10,327 rentals and homeownership homes in more than 250 communities.

◀ THIS RENTAL HOUSING IN KALTAG WAS MADE POSSIBLE
WITH AN AHFC SUPPLEMENTAL HOUSING GRANT.

Loans, Grants, and Tax Credits Bolster the Affordable Housing Market

Through the power of partnerships, AHFC is able to expand its resources and programs. From tapping into the financial resources of federal and private grants or low-income housing tax credits to providing low-interest-rate loans to developers and nonprofits for multi-family and senior housing, we thank and commend our many state, federal, and private partners.

THIS YEAR, TO MAKE HOUSING MORE AFFORDABLE FOR ALASKANS, AHFC:

- Used AHFC funds and \$5.7 million from the Denali Commission to award \$44.2 million in grants and federal tax credits to build and/or rehabilitate 314 rental housing units under the Low-Income Housing Tax Credit Program, Senior Citizens Housing Development Fund, and HOME Programs. Since 1987, AHFC has helped develop 4,013 units of affordable rental housing throughout Alaska.
- Funded 23 units of supportive housing for persons with mental illness and developmental disabilities under the Special Needs Housing Grant Program, a joint venture of AHFC (\$1.3 million capital funding) and the Alaska Mental Health Trust Authority (\$300,000 operating assistance)
- Submitted six grant applications for various AHFC and public-housing programs and received \$1.5 million in federal awards (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)



Alaska Housing Locator Web Site Connects Renters with Landlords

At AHFC, we know how difficult it can be to easily find available rental housing. That's why AHFC, in conjunction with RentLinx, launched the new Web site, www.AlaskaHousingLocator.com. This Web site connects tenants with landlords in a free, easy-to-use, interactive manner. With 24-hour access, Alaskans can now search through statewide listings for available housing. The Web site features simple search criteria, and allows prospective tenants to view photos and locations of rental units throughout Alaska. Interactive maps automatically pop up, and someone visiting the

Web site can view descriptions, availability, rents, amenities, including accessibility, and unlimited photos for available rentals. A Housing Choice Voucher (Section 8) locator is included as an added feature.

Landlords can list their rentals for free at www.AlaskaHousingLocator.com, update availability immediately, and even attach an application and track leads. Leads can be generated through the Web site, putting Alaskans in touch with landlords at the simple touch of a button.

2008 HIGHLIGHTS

AHFC is a self-sustaining public corporation, meaning it receives no state appropriations from the general fund to operate. Revenues earned by AHFC are re-invested into Alaska communities, primarily through grants and the financing of single-family home mortgages.

Since 1986, AHFC has contributed more than \$1.85 billion to Alaska's State budget revenues through cash transfers, capital projects, and debt service payments after paying all of AHFC's operating and capital expenditures. As of FY08, AHFC's assets total \$4.9 billion.

Homeownership

- Provided \$493.5 million for 2,355 Alaskans to purchase homes
- Purchased 1,351 new First-Time Home Buyer loans totaling \$246.1 million
- Provided \$71.2 million for 343 Alaskans to purchase homes in rural Alaska
- Provided \$140.3 million for 500 veterans to purchase homes under the Veterans Mortgage Program
- Financed \$11 million in no-down-payment home loans for 51 teachers and nurses under AHFC's special loan option offered to teachers and health care professionals in Alaska
- Invested \$29.3 million to lower mortgage interest rates for 233 families who qualified under the low-income family loan program
- Provided \$98.3 million for 451 Alaskan homebuyers to obtain lower interest rates under AHFC's energy-efficiency interest-rate reduction
- Maintained average delinquency rate of 3.49 percent, compared to 4.21 percent nationally. According to the Federal Reserve Statistical Release, residential real estate delinquencies nationwide were at the highest level since the Fed started tracking the data in 1991.
- Saw Alaska's homeownership rate drop slightly from 67.2 percent to 66.6 percent compared to 67.9 percent nationally
- Provided zero percent loans totaling \$2.5 million to four nonprofits under the Loans to Sponsors Program for down-payment and closing-cost assistance programs in under-served markets
- Assisted 10 new homeowners under the Homeownership Voucher Program, allowing qualified clients to use their rental voucher assistance for mortgage payments
- Provided \$2.1 million to assist 62 Alaskans become homeowners under the Home Opportunity Program (HOP) for developing low-income homeownership
- Contributed more than \$13 million in servicing fees to Alaska lenders





Rental Housing

- Provided affordable, subsidized housing to 1,700 low-income, senior, and disabled Alaskans in properties owned by AHFC and 4,130 Housing Choice Vouchers for rentals in the private sector
- Purchased/originated 39 multi-family housing loans totaling \$14.59 million
- Committed \$1.24 million in Homeowner Association loans
- Awarded \$11.5 million in grants for 16 projects with 57 units of teacher housing to be developed throughout rural Alaska
- Provided grants of \$6.05 million under the Supplemental Housing Development Grant Program to leverage \$30.2 million in federal funds
- Funded 14 affordable rental housing projects, producing 314 units with \$44.2 million in grants and federal tax credits under the GOAL Program



Weatherization and Energy

- Received \$160 million from the Alaska Legislature for the Home Energy Rebate Program
- Received \$200 million for the Weatherization Program
- Provided weatherization under the Owner-Occupied Rehabilitation Program (ORP) for 65 units of low-income, single-family homes
- Completed weatherization upgrades to 679 homes under the original Low-Income Weatherization Program

Statewide Planning and Research

- Surveyed the assisted living industry in Anchorage, Eagle River, and Mat-Su Valley to update needs and trends within the industry
- Completed the planning and development of the Annual Action Plan for the Housing & Community Development Plan (HCD); the Annual Performance Report (APR), bringing \$7 million in HUD funds to Alaska; and the Annual Update for the Public Housing Agency Plan
- Conducted the Winter 2008 statewide surveys of homeless service providers, which supports more than \$3 million in federal grant applications each year
- Managed a contract on behalf of the Denali Commission and the Alaska Mental Health Trust for the Statewide Senior Housing Needs Assessment. Final report, completed in fall 2007, shows that seniors are the fastest growing segment of the population and close to \$1 billion could be spent to address housing needs over the next 20 years.
- Compiled all housing market data for the Fall 2007 and Spring 2008 Alaska Housing Market Indicators Reports, comprehensive profiles of the Alaska housing market and construction costs
- Prepared “Balance of State” Continuum of Care application for continued federal funding of homeless programs. This plan, completed each year on behalf of nonprofit homeless service providers outside of Anchorage, enables them to compete for and bring in approximately \$500,000 in federal homeless services funding.
- Began survey, programming, and preliminary site planning for the Loussac Manor family housing complex in Anchorage
- Provided the Senior Friendly grant to the University of Alaska Anchorage to identify businesses, including housing, that meet various needs of Anchorage’s senior citizens
- Conducted survey of the general public to determine their awareness of AHFC and its programs
- Conducted brief survey following Built to Last campaign to determine the confidence of Alaskans in the housing market. Survey showed success in the campaign with increase in consumer confidence.

Program Development and Management

- Continued program management for two programs funded through the Denali Commission for teacher and elder housing totaling \$8 million
- Received \$200,000 supplemental grant from the U.S. Administration on Aging to create a sixth statewide Aging & Disability Resource Center in Southeast Alaska
- Successfully passed year one Stop-Loss requirements to mitigate the impending reduction in public housing funding
- Became one of approximately 30 designated Moving to Work agencies nationwide, allowing AHFC’s Public Housing Division greater flexibility in funding and program implementation
- Reduced homelessness in Alaska by awarding \$1.5 million to 16 projects under the Homeless Assistance Program, leveraged \$2.5 million in federal funds with \$1 million, enabling 17 homeless services projects statewide to continue under the Grant Match Program for the HUD Supportive Housing
- Funded 23 units of supportive housing for persons with mental illness and developmental disabilities under the Special Needs Housing Grant Program, a joint venture of AHFC (\$1.3 million in capital funding) and the Alaska Mental Health Trust Authority (\$300,000 operating assistance)
- Submitted six grant applications for various AHFC and public housing programs and was awarded \$1.5 million in federal awards (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)
- Provided grant management for 162 grants with \$45 million in grant payments



Awards and Recognition

- Received a score of 90 under the PHAS (Public Housing Assessment System) and a score of 100 under SEMAP (Section 8 Management Assessment Program) for FY07, both categorized by HUD as High Performer. (The FY08 rating for SEMAP was not available at this printing; HUD has suspended the PHAS rating for FY08.)
- Received award from the Anchorage School District for Services to Homeless Children, resulting from modifying the public-housing homeless preference to include the ASD as an acceptable verifier of homelessness
- Received 2006 Communications Contest Award from the Alaska Professional Communicators for First Place for 2006 Annual Report (for materials published or broadcast in 2007)
- Received First Place from the National Federation of Press Women at its annual awards in Idaho for 2006 Annual Report (for materials published or broadcast in 2007)
- Received 2007 Aurora Awards Second Place for 2006 Annual Report Electronic for Public Relations Society of America Alaska Chapter
- Recognized by the Mat-Su Board of Realtors as an outstanding participating affiliate
- Received all applicable incentive and administrative fees for HUD's Contract Administration Program
- Received 2007 Energy Star for Homes Outstanding Achievement Award from the U.S. Environmental Protection Agency for assisting more than 1,000 energy-efficient homes
- Received Neighborworks Week Paint the Town recognition in appreciation for 2008 Bronze Sponsor

Training/Education/Technical Assistance

- Responded to 8,249 requests to the RIC Library from 54 Alaska communities
- Saw visits to AHFC's Web site (www.ahfc.us) double over the previous year to an average of 40,268 visits by 23,752 unique users per month
- Produced new children's activity book on energy conservation
- Conducted 72 informational/educational presentations on house-as-a-system, weatherization, heating systems, lighting, ice dams, indoor air quality, new construction, crawlspace, attic venting, etc.
- Awarded \$1,000 scholarships to nine Public Housing and Housing Choice Voucher Program clients to attend higher education or vocational schools
- Conducted 197 HomeChoice™ workshops in 27 communities and 39 home studies, with 2,679 certificates issued; four GOAL workshops on rental housing development; and 12 classes for real estate professionals and builders with 199 participants in seven communities
- Participated on the multi-agency Predatory Lending Task Force in continued development of "Don't Borrow Trouble" – an educational endeavor to highlight potential unscrupulous lending practices
- Provided more than 3,000 hours of technical assistance to current grantees, persons, and organizations applying for funds, and public and private-sector requests for statistical information on housing and the housing market
- Co-sponsored a housing conference with the Alaska Coalition on Housing and the Alaska Mental Health Trust Authority
- Provided sponsorship for the Anchorage/Mat-Su Senior Housing Fair
- Conducted 23 presentations in nine communities (total of nearly 750 people in attendance and two radio programs) as part of the Built to Last campaign to instill confidence in Alaska's housing market

2008 CHARTS

BORROWER AND SINGLE-FAMILY PROGRAM AVERAGE COMPARISON¹ FY08

	ALL PROGRAMS	TAX-EXEMPT FIRST-TIME HOME BUYER	TAXABLE FIRST-TIME HOME BUYER	TAXABLE ²	VETERANS MORTGAGE ³	RURAL HOUSING
Total Number of Loans	2,208	1,111	209	114	494	280
Total Dollar Volumes	\$495,398,825	\$208,173,328	\$49,541,034	\$29,171,556	\$143,350,631	\$65,162,276
Sales Price	\$224,365	\$187,375	\$237,038	\$255,891	\$290,183	\$232,722
Loan Amount	\$208,026	\$173,819	\$221,957	\$212,430	\$279,775	\$204,980
Loan-to-Value Ratio	92.92%	92.40%	94.40%	83.52%	97.93%	88.91%
Interest Rate	5.879%	5.736%	6.198%	6.103%	5.952%	5.986%
P & I Payment	\$1,240.17	\$1,017.83	\$1,361.12	\$1,282.50	\$1,671.72	\$1,253.47
Monthly Income	\$5,949	\$4,441	\$7,149	\$7,023	\$8,025	\$6,937
Age of Borrower	35	32	34	41	38	40
Household Size	2	2	2	2	3	2

¹ Excludes owner/builder, purchase renovation, non-conforming, and refinance loans ² Excludes Taxable First-Time Home Buyer Loans ³ Includes Tax-Exempt Veterans

FEATURES USED IN CONJUNCTION WITH ABOVE PROGRAMS	LOANS	FUNDS
Interest-Rate Reduction for Low-Income Borrowers	233	\$29,314,953
Energy-Efficiency Interest-Rate Reduction	451	\$98,305,780
Educator/Health Care Professional Loan Option	51	\$11,071,883
Streamline Refinance	10	\$2,360,910

LOW-INCOME HOUSING TAX CREDIT PROJECTS

FISCAL YEAR	NUMBER OF PROJECTS	UNITS	ALLOCATION
1987	1	22	\$623,070
1988	0	0	0
1989	2	107	\$2,109,370
1990	1	16	\$544,980
1991	1	23	\$715,750
1992	2	39	\$1,625,940
1993	2	55	\$1,543,690
1994	6	297	\$20,275,210
1995	1	87	\$7,836,510
1996	7	238	\$21,397,510
1997	4	120	\$5,680,930
1998	6	195	\$11,053,950
1999	4	61	\$6,748,600
2000	7	610	\$14,439,705
2001	6	165	\$20,830,370
2002	7	205	\$23,203,550
2003	6	143	\$19,927,920
2004	6	164	\$23,211,450
2005	5	128	\$21,250,000
2006	4	213	\$21,900,000
2007	4	163	\$19,556,930
2008	3	148	\$31,999,650
Totals	85	3,199	\$276,475,085

HOME FUND PROJECTS

FISCAL YEAR	NUMBER OF PROJECTS	UNITS	DOLLAR VOLUME
1992	1	1	\$57,677
1993	0	0	0
1994	3	36	\$820,636
1995	0	0	0
1996	6	109	\$3,286,884
1997	5	152	\$2,571,906
1998	3	76	\$1,953,585
1999	4	50	\$1,931,692
2000	4	69	\$406,250
2001	6	53	\$1,664,314
2002	4	46	\$1,677,475
2003	5	65	\$2,058,971
2004	3	55	\$1,950,000
2005	4	28	\$1,676,335
2006	3	46	\$1,335,697
2007	5	83	\$2,146,111
2008	5	112	\$2,948,299
Totals	61	874	\$26,484,832

MULTI-FAMILY PROJECTS

FISCAL YEAR	NUMBER OF PROJECTS	UNITS	DOLLAR VOLUME
1992	6	592	\$15,355,700
1993	2	41	\$1,705,000
1994	12	522	\$13,501,336
1995	6	246	\$15,763,350
1996	16	800	\$73,012,335
1997	21	460	\$9,939,780
1998	29	532	\$17,519,540
1999	79	1,097	\$34,705,731
2000	76	1,468	\$54,156,876
2001	117	2,976	\$103,847,605
2002	94	1,375	\$58,477,200
2003	62	979	\$47,363,301
2004	63	1,593	\$87,297,150
2005	54	890	\$43,052,750
2006	36	543	\$32,621,750
2007	29	254	\$14,839,300
2008	27	401	\$11,928,835
Totals	729	14,769	\$635,087,539

SENIOR CITIZEN HOUSING DEVELOPMENT FUND PROJECTS

FISCAL YEAR	NUMBER OF PROJECTS	UNITS	SCHDF FUNDS
1994	5	126	\$2,197,671
1995	0	0	0
1996	1	13	\$773,150
1997	2	40	\$1,484,807
1998	5	127	\$3,046,239
1999	1	8	\$156,250
2000	1	26	\$675,000
2001	3	39	\$2,030,521
2002	2	13	\$2,651,000
2003	4	77	\$2,109,460
2004	0	0	0
2005	3	62	\$1,275,000
2006	4	32	\$3,460,074 ¹
2007	5	96	\$5,366,546 ²
2008	6	54	\$9,271,104 ³
Totals	42	713	\$34,496,822

¹ Includes \$1,960,074 in Denali Commission funds

² Includes \$2,866,546 in Denali Commission funds

³ Includes \$5,707,449 in Denali Commission funds

EMPLOYEES

Phill Adams • Penny Allen • Sandra Amox • John Anderson • Nancy Anderson • Ross Anderson • Roy Anderson • Steve Anderson
• Debbie Andrys • Griselda Andujar • Debra Athan • Sue Ayers • Kelvin Bailey • Brian Baines • Nancy Barnacle • Linda Barrows
• Stuart Barrows • Kristian Beckner • Toni Bell • Vince Benjamin • Ineke Benkers • Tony Berdahl • Brian Blackwell • Martha Blanchett

• Permelia Boatman • Forrest Bolles • Cary Bolling • Peter Bonadurer • Genie Borgford • Kari Bowers • Debbie Boyce • Kimberly Branch • Bob Brean • Nick Brewer • Danny Brown • Kelley Brown • Lucy Brown • Tiffany Brown • Linda Bueltmann • Mike Buller • Diane Buls • Mimi Burbage • Bryan Butcher • Toni Butler • Doreen Calahan • Les Campbell
• Casey Campbell-Boyer • Lucy Carlo • Judith Carr • Laurie Carroll • Maria Carter • Marion Carter • Nola Cedergreen • Ed Chan • Michelle Chase • Cera Choi • Naomi Christensen • Inge Clark • Patrick Cochran • Colin Coker • Debra Cole • Esther Combs • Jenny Coppola • Juan Corral • Lindsey Cox • Kim Coy • Doc Crouse • Hugo Cruz • Robert Dalton • Mike David • Bernard Davis • Maria DeBaun • Steve DeBusk • Daniel Delfino • Martin Delfino • John DeMott • Gerry Deta • Marlon Dimatulac • Jeff Doll • Christopher Doucette • Sherrylee Dovolos • Joe Dubler • Kris Duncan • Gloria Dunmore • Pam Duran • Wayne Eacker • Sheila Edward • Dianna Erwin • Anica Estes • Gregory Evans • Linda Faro • Diana L. Faude • Diane E. Faude • Martin Faulkner • Dan Fauske • Robert H. Ferguson III • Les Forbes • Victor Forrester • Kay Fountain • Dennis Fradley • Gary Frise
Susan Garrett • Margaret Gaspar • Jerusha Gatfield • Christie George • Brenda Glaze • Kathleen Goddard • David Gonzales • Tere Gordon • Paula Graber • Renee Griffin
• Debbie Grizzle • Jim Gurke • Peter Haines • Betty Hall • Sheryl Hall • Lona Hammer • Jennifer Hamsley • Cynthia Hanson • Jeri Harris • Eric A. Havelock • Christopher Haynes
• Roger Helmer • Amy Hiley • Candace Hiner • Elaine Hodl • Dawn Hoebermann • Eric Hoffman • Elaine Hollier • Marjorie Holt • Laurie Holte • Marilyn Holvoet • Tammy Hunter-Greco • Deborah Inama • Kyle Inman • Arturo Irizarry • Gary Isaacson • Tammie James • Shelly Jehlen • Margaret Jetton • Anna Jolliff • liljones • Mona Jones • Paul Kapansky • Samantha Karabel • Bob Kelly • Joseph Kilian • Kelli Killian • Terry Kincaid • Larry King • Robert Koerperich • Daniel Kuntze • Kathy Lepley • James Lester • Tanya Lewis • Wilda Libby • Beverly Lopez • Tommy Macon • David Maiden • Debra Manzo • Mark K. Martenson • Charles Martin • Joseph Martin • Theresa Martin • Brian D. Massey
• Bernie Massin • Willy J. Mathias • Jim McCall • Joanne McClure • Dave McDowell • Peggy McGuire • Jay McInerney • Charles McKenry Sr. • Melanie McNally • Carol McPherron
• Elaine M. Mello • Klaus Menn • Teeny Metcalfe • David Michaelson • Kyle Miller • Lisa Mingo • Glenn Molyneux • Andy Montoya • Paul Moore • Bette Morrison • Maude Morse
• Kimberly Mukavetz • Alan Musy • Charlotte Nasise • Jimmie Nelson • Timothy Nelson • Janet Niemann • James Nitchman • Jeanie Nixa • Lindsay Novotney • Regina O'Keefe
• Christopher Ochap • Stacy Olsen • Judy Ondeck • Beverly Ovitt • Sandra Palmer • Robyn Parmelee • David Pasurishvili • Victor Peralta • Michael Phelps • Harold "Hap" Pierce
• Lee Piper • Hess Poland • Channah Polis • Ana Poulivaati • Jason Price • Tiffany Price • Cristine Prosak • Susan Ramsdell • Roy Range • Terri Ready • Greg Reed • Ken Reeves



• Sarah Remaklus • Thomas Remaklus • David Remme • James Rheault • Donnis Richard • Carol Richards • Clark Richardson • Catherine Richter • Rosie Ricketts • Marietta Roberts • Mark Romick
• Jamison Rousculp • Ray Rouzan • Matthew Rud • Patti Ruppert • Timothy Russell • Holly Rutka
• Robenett Sagalkin • Grant Salisbury • Linda Samuelson • Marsland Sanders • Jeniffer Santos
• Karen Savage • Charles Scherbaum • Fina Schlosser • Megan Schmidt • Kathleen Schmitt
• Sondra Sears • Brian Seim • Nina Sexton • Robert Sherry • Karen Shull • Lacy Simmler • Sherrie Simmonds • Susan Simonds-McHone • Debbie Sims • Colette Slover • Jill Smart • Herman Smith
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• Robert Waetjen • Jacob Walker • Scott Waterman • David White • Deidre White • James Wiedle
• Esther Williams • Virgiale Williams • Kathleen Wills • Victoria Wilson • Greg Wood • James Wright • Laurie Wright • Deborah Zenger •

IN MEMORY: JULIE RILEY • KELLY JEAN WINDOM



2008 FINANCIAL HIGHLIGHTS

AHFC issued a total of \$234.3 million of long-term debt during FY 2008 to continue its various ongoing lending programs. As of June 30, 2008, a total of \$3.2 billion of long-term debt was outstanding. The following table summarizes the long-term debt issued by the Corporation during FY 2008:

BOND ISSUE TITLE AND AMOUNT	RATINGS: S&P MOODYS FITCH	DATE ISSUED	PROGRAM/ PROJECT FUNDED	TAX STATUS
\$95,525,000 State Capital Project Bonds, 2007 Series A and B	AA Aa2 AA+	October 3, 2007	Governmental Purpose Projects	Tax-Exempt
\$57,885,000 Collateralized Bonds, 2007 First Series and 2008 First Series	AAA Aaa AAA	December 18, 2007	Veterans Mortgage Program	Tax-Exempt
\$80,800,000 Home Mortgage Revenue Bonds, 2008 Series A	AA Aa2 AA+	February 28, 2008	First-Time Homebuyers	Tax-Exempt

STATE CAPITAL PROJECT BONDS

Generally, these bonds are sold to provide tax-exempt financing for legislatively appropriated capital projects and other governmental purposes.

\$95,525,000 2007 Series A and B

This transaction closed on October 3, 2007. Proceeds from the sale of the bonds were used to fund authorized capital projects and to refund or advance refund certain outstanding obligations of the Corporation. The bonds were structured for tax purposes such that interest earnings are excluded from the alternative minimum tax (non-AMT).

COLLATERALIZED BONDS (VETERANS MORTGAGE PROGRAM)

Generally, these bonds are sold to provide funding for the continuance of AHFC's tax-exempt financed Veterans Mortgage Program (VMP).

\$57,885,000 2007 First Series and 2008 First Series

This transaction closed on December 18, 2007, with respect to the 2007 First Series bonds, and on January 9, 2008, with respect to the 2008 First Series bonds. The 2007 First Series was structured as \$13,660,000 Subseries A-1 (non-AMT) bonds and \$29,225,000 Subseries A-2 (AMT) bonds. The 2008 First Series was structured as \$15,000,000 (non-AMT) bonds. All proceeds from the sale of the Subseries A-1 bonds, along with a portion of the proceeds from the sale of the Subseries A-2 bonds, were used to refund certain outstanding obligations of the Corporation. The remaining proceeds from the sale of the Subseries A-2 bonds and all proceeds from the sale of the 2008 First Series bonds were or will be used to purchase Veterans Mortgage Program loans that have already been warehoused or will be originated by the Corporation. The federal tax law that permits the issuance of these bonds requires that the repayment of principal and interest on the bonds be guaranteed by the State of Alaska. Alaska law requires the bonds to be sold utilizing a competitive method of sale.

HOME MORTGAGE REVENUE BONDS (FIRST-TIME HOME BUYER PROGRAM)

Generally, these bonds are sold to provide funding for the continuance of AHFC's First-Time Home Buyer (FTHB) Program.

\$80,800,000 2008 Series A

This transaction closed on February 28, 2008. All of the proceeds were or will be used to purchase qualified mortgage loans that have already been warehoused or will be originated by the Corporation. The bonds were structured for tax purposes such that all interest earnings are subject to the alternative minimum tax (AMT).



AHFC REPORTS DECREASE IN OPERATING INCOME FOR FISCAL YEAR 2008

The Corporation posted operating income of \$35.3 million for FY 2008, a decrease of 12.8 percent compared to FY 2007. The Corporation's assets exceeded its liabilities as of June 30, 2008, by \$1.67 billion (net assets). During FY 2008, the Corporation's loan portfolio increased 2.7 percent to \$3.45 billion, while investments decreased 3.1 percent to \$1.23 billion. Long-term debt increased 2.6 percent to \$3.17 billion.

AHFC FUND TRANSFERS TO AND FROM THE STATE OF ALASKA

The Corporation continued its series of annual payments to the State of Alaska and State agencies. Transfers to the State for FY 2008 totaled \$53.6 million, bringing the total transfers to the State of Alaska through FY 2008 to more than \$1.5 billion.

In FY 2009 and beyond, the Transfer Plan calls for payment of the lesser of \$103 million or 75 percent of the Corporation's operating income.



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